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LOULAN HOLDINGS LIMITED

樓蘭控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

APPOINTMENT OF REPLACEMENT CONTINUING SPONSOR

Reference is made to the announcement of the Loulan Holdings Limited (the “Company”) dated 31 March 2004 in relation to the resignation of Kim Eng Capital (Hong Kong) Limited (the “Kim Eng Capital”) as the continuing sponsor of the Company.

The board of directors (the “Board”) of the Company would like to announce that South China Capital Limited (“South China Capital”) was appointed to act as continuing sponsor of the Company to comply with the requirements under Rule 6.63 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) with effect from 24 May 2004 to 31 December 2004 for the remaining balance of the minimum period as required under Rule 6.01 of the GEM Listing Rule. South China Capital has accepted and agreed to the appointment.

The former continuing sponsor, Kim Eng Capital was no longer comply with the eligibility criteria as set out in Chapter 6 of the GEM Listing Rules from 30 March 2004 and have ceased its role as continuing sponsor of the Company on the same date.

The Company has used its best endeavors to locate a replacement sponsor as soon as possible in order to comply with the GEM Listing Rules.

The Board would also like to take this opportunity to express our gratitude to Kim Eng Capital for its past contribution to the Company.

By order of the Board
Loulan Holdings Limited
Woo Hang Lung
Chairman

The Board comprises of:

Woo Hang Lung (*Executive director*)

Zhu Zheng Ming (*Executive director*)

Junichi Goto (*Non-executive director*)

Lo Chi Man (*Independent Non-executive director*)

Lau Chi Sun, Robbie (*Independent Non-executive director*)

Hong Kong, 24 May 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication.